

I. THE YEAR 1978 IN RETROSPECT

IMPLEMENTATION OF THE NEW EXECUTIVE ORDER

In 1978, organizational change began to have an impact for improvement in the United States Intelligence Community. After almost a year of study and debate, on 24 January 1978, the President issued Executive Order 12036. This new Order governed the organization and conduct of intelligence. Six aspects of this Order deserve particular attention because of the effect they have already had on the process of intelligence in our country. (U)

1. Priorities

The cornerstone of a good intelligence operation is that it satisfies consumers' needs, both by meeting the needs which they have today and by preparing to meet those needs which will most likely arise tomorrow. By various means and with varying degrees of success over the years, the American Intelligence Community has solicited its consumers' assessment of their needs. But, more often than not, the Intelligence Community itself set its own priorities. (U)

The new Executive Order established a committee of the National Security Council, the Policy Review Committee on Intelligence (PRC (I)), composed of the Vice President, the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the Assistant to the President for National Security Affairs, the Chairman of the Joint Chiefs of Staff, and chaired by the Director of Central Intelligence (DCI). In August, the PRC (I) produced two lists of National Intelligence Topics (NITs). One listed 58 specific points of emphasis in seven key geographic areas which the committee members believed would be important to them in the next six to nine months. A second list of 43 specific topics in seven general areas is considered of longer term concern. These two lists replaced a previous priority listing known as Key Intelligence Questions but have greater import

because the intelligence users participated in their formulation and because they provide more detailed, specific guidance to both the producers and the collectors of intelligence. (U)

The producers of intelligence, led by the Director of the National Foreign Assessment Center (NFAC), have taken each NIT and analyzed the work being done and needed to be done to satisfy that topic. While heavily burdened with more tasks than they can normally accomplish effectively, including departmental requirements, producers throughout the Intelligence Community have accepted a share of this additional effort. Frankly, despite this, there is still difficulty in obtaining the necessary redirection of effort to ensure satisfaction of the National Intelligence Topic requirements. At the same time, this initial adjustment has created a greater perturbation to the system than will subsequent iterations. (U)

On the collection side of intelligence, the Collection Tasking Staff is utilizing the NITs to adjust the Community's collection priorities, including adjustment of the Director of Central Intelligence Directive 1/2 (DCID 1/2)—an Intelligence Community validated matrix of priorities by topics and countries—to follow the NITs and their PRC (I) assigned priorities. (U)

In sum, the process of involving the top consumers in the establishment of priorities is off to a good start. Updatings are called for every four months. The first one in December was, frankly, not very successful but it was both a new process and a particularly busy season for intelligence in substantive international developments and in program and budget development. Our challenge will be to ensure that the same high-level attention given to the NITs last August persists in the future, so that the topics do represent the consumers' needs and not Intelligence Community beliefs of what those needs are. (U)

2. Budget Preparation

A second major provision of the new Executive Order is that the DCI "... shall, to the extent consistent with applicable law, have full and exclusive authority for approval of the National Foreign Intelligence Program budget submitted to the President." Previously, the DCI had chaired a committee that established the National Foreign Intelligence Program budget by consensus trading. The new arrangement, in its first full year of operation, already made it easier to define the national intelligence goals which should drive the budget and made it possible to establish priorities among budget items. This has permitted the use of judgment as to overall Community needs when integrating the submissions of the several program managers rather than simply interleaving them on an equal basis. The new process also makes it easier to surface objective, analytical comparisons between competing or overlapping programs as a check that my judgment of budget priorities is not skewed from that which would best serve the country. The PRC (I) on three occasions during this past year reviewed the budget as it was being prepared and after its submission to the President. The PRC (I) is free to make separate recommendations to the President if members do not concur in the budget's structure. In this instance, the PRC (I) did not dissent from the budget as submitted. However, its advice in the preparatory sessions was of great value. Overall, this first experience with the new budget preparation process went very well. (U)

3. Intelligence Collection

A third highlight of the new Executive Order is its establishment of a National Intelligence Tasking Center (NITC) under the DCI to coordinate and task all national foreign intelligence collection activities.

collection techniques to each problem, that we not waste capability through unnecessary duplication of effort, and that we not inadvertently miss important collection opportunities because one collection system assumes that another is doing it. Because the operational control of technical and human intelligence collection systems is spread across almost a dozen different agencies and organizations, there is

a real need for a focal point of coordination. In the past, this has existed only in the DCI collection committees on signals, human and imagery intelligence. Each of these did a fine job of coordinating the assets within its own discipline, but by the same token was limited to that discipline. NITC's task is to maximize return while minimizing cost and risk through the best application of systems from all three disciplines. It is not NITC's task to determine how individual collection systems shall be employed, but rather to determine which ones are best for any given intelligence topic. (U)

By the close of the Congressional session in October, the Congress had authorized the establishment of a Deputy Director for Collection Tasking who would be responsible for the three collection committees as well as NITC coordination of them. This action divided the Intelligence Community Staff into two segments: a Deputy for Resource Management who supports the DCI's responsibility for preparation of the national intelligence program and budget, and a Deputy for Collection Tasking who manages the NITC. It is far too early to judge the success of the NITC concept, but it appears to be off to a good start and filling an important void. (U)

4. Production of Intelligence

The new Executive Order charges the DCI with the responsibility for the production and dissemination of national foreign intelligence, cautioning him to "... ensure that diverse points of view are considered fully and that differences of judgment within the Intelligence Community are brought to the attention of national policymakers." Importantly, the Executive Order clearly leaves the analytical components of the Defense Department, the State Department, the Treasury Department and the CIA independent, competitive and intact, and ensures that when they have different viewpoints, those viewpoints shall not be stifled. We have attempted to reaffirm this latter point in several ways. (U)

The National Foreign Intelligence Board, on which all of the principal agencies of the Intelligence Community are represented, reviews and discusses every major national intelligence estimate. On such occasions, members of the Board have an opportunity and a clear responsibility to ensure that the DCI is aware of any divergent views which they may

believe are not adequately represented in the text of the estimate. I have also directed that dissenting views, which were formerly elaborated in footnotes, regularly be moved up and integrated into the text itself. I strongly believe that when a differing opinion is well founded on valid analysis and logic, it should be placed directly in juxtaposition with the major opinion. Thus the reader can understand the difference and have a basis for exercising his own judgment. Beyond this, the Director of the National Foreign Assessment Center has created a distinguished Review Panel composed of three senior and independent professionals from the fields of diplomacy, the military, and economics. This Panel is charged with reviewing the Intelligence Community product in process and upon completion. To protect their objectivity, they are proscribed from participating in the process of developing the estimates. They make suggestions to the Director of the National Foreign Assessment Center and myself regarding the substance and quality of estimates. (U)

5. Counterintelligence

The Executive Order provides that another committee of the National Security Council, the Special Coordination Committee, chaired by the Assistant to the President for National Security Affairs, and composed of the Secretary of State, Secretary of Defense, the Attorney General, the Director of the Office of Management and Budget, the Chairman of the Joint Chiefs of Staff, the Director of Central Intelligence, and the Director of the Federal Bureau of Investigation, "... shall develop policy with respect to the conduct of counterintelligence activities," resolve interagency differences, monitor counterintelligence activities, and provide the President with an overall annual assessment of them. The activities of this committee, the SCC (CI), have already generated renewed attention to a previously somewhat neglected counterintelligence function. Beyond that, I am pleased to report that the necessary linkage between FBI and CIA has been further enhanced, and that there is greatly increased consultation between the Agencies. Specific new coordinating mechanisms have been established among intelligence agencies with counterintelligence responsibilities, and the exchange of counterintelligence data has been greatly expanded. In sum, the counterintelligence function is receiving much needed additional attention today. (U)

6. Restrictions

One whole section of the new Executive Order established restrictions on various intelligence activities, particularly those which affect the rights of American citizens. These restrictions are an extension and clarification of those enumerated in the previous Executive Order (E.O. 11905, 15 February 1976). They and the entire Executive Order were developed in close consultation with the Senate Select Committee on Intelligence (the corresponding committee of the House not having been in being during most of the formative period), thus establishing a new degree of cooperation in intelligence between the Executive and Legislative branches of our government. (U)

The same cooperation has been extended in the opposite direction throughout 1978 as the Senate Select Committee on Intelligence developed and held hearings on legislative charters for the Intelligence Community. We are hopeful that this will enable us to have charters reflecting a balance between the need for statutory guidelines and sufficient flexibility to fulfill proper intelligence missions. (U)

RELATIONS WITH THE CONGRESS, THE EXECUTIVE AND THE PUBLIC

In 1978, the relationships between the Intelligence Community and the Congress, the agencies and departments of the Executive Branch, and the public have evolved significantly. (U)

The Congress

1978 was the second full year of oversight by the Senate Select Committee and the first full year by the House Permanent Select Committee. During the year, many new procedures have been worked out and constructive relationships established. In both the Senate and the House, first authorization bills for intelligence have been acted on. In the process of reviewing and approving our budget, both Committees, as well as the Appropriations Committees, have also made substantial contributions.

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- communicating levels of uncertainty in data/analysis and their policy implications; and
- nourishing a sensitivity to the unexpected so that less likely but critical trends/developments will be surfaced in time to avoid/minimize adverse consequences. (U)

None of these areas are susceptible to quick fixes. A broad, long-range attack within NFAC and in other Community production offices includes: (U)

Management: Last May NFAC created a small, full-time staff to work on quality improvement. This staff has made a comprehensive inventory of NFAC's analytical skills, is planning a series of achievable targets for improvement, is preparing recommendations on analyst recruitment/career development, as well as competing demands of current intelligence and research, and is beginning to examine NFAC leadership and management organization. (U)

QUALITY OF ANALYSIS AND POLICY SUPPORT

The worth of intelligence is measured by the end product. In today's national security environment, we must continually work to improve the quality of analysis and policy support. Increases in analytic productivity are not as sensitive to resource or technological stimulus as other aspects of the intelligence process. Individual human qualities—intellect, expertise, motivation—and the imagination, relevance and management of our production program, are the variables most critical to good results. (U)

Major problems include:

- motivating analysts to further increase productivity and encouraging them to persist in analytical careers;
- ensuring that analysts and production managers keep in close touch with key users to guarantee the relevance of their product;
- preserving enough analytical time/expertise from current intelligence and policy support to allow for in-depth, long-term research and analysis;
- developing good production managers in a culture where individual analytical excellence is the principal performance criterion;
- fostering interdisciplinary analysis in a business traditionally built on narrow functional or area expertise;

Chaired by the Deputy Director for National Foreign Assessment, the interagency production Steering Group for NFAC, INR and DIA is developing parallel and complementary Community programs to improve analytic quality. A job analysis survey is under way in DIA, for example, to include the analytical process, the environment in which the DIA analyst works, and the level of skills/performance required. (U)

Consumer Contact: The National Intelligence Officers (NIOs) have taken the lead in developing close contacts with NSC and other policy customers to ensure the relevance of intelligence analysis. NFAC production offices make similar efforts in their disciplines. INR officers maintain close contact with the policy officers in State's geographic and functional bureaus to ensure analysis is keyed to policy concerns. DIA has recently established a Director's Staff Group which works closely with the Defense Intelligence Officers and senior DoD officials to establish a departmental production program more responsive to the needs of the Secretary of Defense. Last March an intelligence support office was established in Commerce; similar offices exist in Treasury and Energy, and all three are in daily contact with these consumers. (U)

Improved Critical Review: Fundamental to our efforts to improve product quality is the toughening 25X1